

This executive summary is excerpted from the FY 2005 Country Commercial Guide for Kuwait. The full text of the report is also available on this website.

CHAPTER 1

EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Kuwait's commercial environment, using economic, political and market analysis. CCG's were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

Kuwait's GDP for 2003 was US \$41.7 billion, an 18.5 percent increase from the 2002 level of US \$35.2 billion (*Source: Ministry of Planning*). The rise was almost exclusively due to historically strong international oil prices.

Diversification and privatization of Kuwait's economy continue to be discussed as strategic goals of the government to counter abrupt fluctuations in world oil prices and to maximize employment opportunities for their citizens. To this end, the government has considered the privatization of the national airline, portions of the telecommunications sector, and various aspects of the energy and water treatment sectors.

The United States is Kuwait's second largest trading partner, after Japan. Excellent quality, reliability and service help the United States maintain a strong position in this very competitive market. U.S. exports to Kuwait increased in 2003 to US \$1.509 billion up from 2002 level of US 1.014. Kuwait imports a wide variety of U.S. military, industrial and consumer products. Leading industrial imports include oil field equipment/parts, medical equipment and generators. Significant consumer imports include passenger vehicles and trucks, and processed food products.

According to the U.S. Department of Commerce, direct U.S. investment in Kuwait was estimated at US \$343 million in 2002. The largest venture is Union Carbide's petrochemical project EQUATE, a joint venture with Kuwait's Petrochemical Industries Company (PIC) and a group of private investors. Another venture worth US \$391 million involves the U.S. company, Ionics (25 percent), in the Sulaibiya Waste Water Treatment Plant.

Kuwait is a highly price-competitive market with low tariffs (generally only five percent ad-valorem), few import barriers and no exchange controls. Procurement for large public sector projects continues to dominate the business scene, as Kuwait accounts for little or no manufacturing and non-oil exports.

Kuwait's vast oil wealth (10 percent of world oil reserves, 96 billion barrels) and substantial government investments abroad (estimated at US \$60-90 billion, possibly more) have created an affluent population. As Kuwait's young population (48 percent less than 15 years of age, 70 percent under 24) matures, U.S. exporters will find a broad range of marketing opportunities. As Kuwait moves to implement its Foreign Direct Investment law, significant opportunities will open for U.S. firms in a wide range of sectors.

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Please Note:

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Country Commercial Guides can be ordered in hard copy or on diskette from the **National Technical Information Service (NTIS)** at **1-800-553-NTIS**. U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** of the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to one of the following websites: www.usatrade.gov or www.tradeinfo.doc.gov

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